



2009

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** Nike, Inc.

**COUNTRY:** Mexico

**FACTORY CODE:** 070050436H

**MONITOR:** Level Works

**AUDIT DATE:** September 7-11, 2009

**PRODUCTS:** T-Shirts

**PROCESSES:** Fabric Warehouses, Spinning,  
Fabric, Cutting, Washing, Printing,  
Inspection, Packaging, Finishing

**NUMBER OF WORKERS:** 728



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**Code Awareness:**

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

**Noncompliance**

**Explanation:** The company has not formally conveyed their written workplace standards to the factory.

**Plan Of Action:** The factory should communicate its workplace standards and company regulations in the local language spoken by employees. This should be done in the following ways:

1. Posting factory regulations that can be easily viewed by workers.
2. Conducting periodic training of factory regulations to workers.
3. Training must be documented.

**Deadline Date:** 04/01/2010

**Action Taken:** (March 17, 2010) The factory posted the factory regulations in Spanish in the canteen area, which can be easily viewed by employees. (Annex 5) Additionally, the factory provided training to employees. (Annex 6)

**Plan Complete:**

**Plan Complete Date:**

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**Code Awareness:**

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

**Noncompliance**

**Explanation:** During the factory walkthrough, it was noted that neither the company's nor FLA's Code of Conduct were posted in the facility.

In addition, 25 out of 25 factory workers interviewed claimed that they had never been informed or educated orally about Nike and FLA's Codes of Conduct.

**Plan Of Action:** To help create an informed workplace, the factory must do the following:

1. Post the workplace standards and Nike Code of Conduct in major work areas in the local language spoken by employees.
2. Factory is expected to implement a program for periodic in-house training on code elements and other labor practices to both existing and new workers.
3. All training must be documented with supporting training documentation, such as content material and attendance.

**Deadline Date:** 04/01/2010

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

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**Code Awareness:**

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

**Noncompliance**

**Explanation:** During the factory walkthrough, it was noted that the company (Nike) has not developed a secure communication channel to enable factory workers to report noncompliances directly to the company.

None of the 25 interviewees knew about a confidential noncompliance reporting system.

**Plan Of Action:** Nike's objective is to strengthen contract manufacturers' internal grievance systems, so that direct involvement by Nike in employee grievances should be considered a last resort. Nike's contracted independent monitoring company spends time listening to factory employees during 1-on-1 confidential interviews during in-depth audits.

1. The factory must establish a formal confidential grievance process.
2. The factory should implement a written investigation procedure that clearly establishes the responsibility to investigate grievances, record complaint information and document the evidence/findings.
3. The factory should communicate to all workers how the system works, verify that workers have confidence in the system and communicate action taken.

**Deadline Date:** 04/01/2010

**Action Taken:** (March 17, 2010) Factory established a formal confidential grievance system (Annex 1), and has communicated this system to all new employees.

**Plan Complete:**

**Plan Complete Date:**

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## Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

### Noncompliance

**Explanation:** During the factory walkthrough and management interviews, it was noted that there is no fire hose system in the factory. In accordance with the Mexican Health and Safety Norm NOM-002-STPS-2000, the factory must have a fire hose system in accordance with the grade of risk.

**Plan Of Action:** In accordance with Mexican Health and Safety Norm NOM-002-STPS-2000, the factory must implement a fire hydrant system in the factory.

**Deadline Date:** 05/03/2010

**Action Taken:** (March 17, 2010) The risk assessment indicated that the factory is at medium risk. In accordance with Norm NOM-002-STPS-2000, this factory is considered a medium risk; meaning a fire hydrant system is not required. (Annex 2)

**Plan Complete:**

**Plan Complete Date:**

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### Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

#### Noncompliance

**Explanation:** During the factory walkthrough and management interviews, it was noted that the factory had an appropriate alarm system. The activation buttons are not properly labeled to avoid confusion.

In accordance with the Mexican Health and Safety Regulation, Article 28, point IV, the employer is responsible for providing visible or audible signals to prevent and protect in cases of emergency.

**Plan Of Action:** In order to properly manage the audible and visual signals of the alarm system, the factory must properly label the activation system.

**Deadline Date:** 04/01/2010

**Action Taken:** (March 17, 2010) The factory has labeled the alarm activation system. (Annex 3)

**Plan Complete:**

**Plan Complete Date:**

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## Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

### Noncompliance

**Explanation:** During the factory walkthrough and employee interviews, it was noted that the laundry employees do not have waterproof clothing or overalls in order to avoid contact with the water generated for the normal process (laundry employees need to use rubber boots, aprons, waterproof or overalls).

Also, contractors were noted working at heights without general personal protective equipment such as belts, harnesses, subject lines, etc. Some workers in the production floor do not have dust masks and there are no masks with filters for employees working in the spot cleaning area. In accordance with Health and Safety Regulation, Article 101, the employer should provide personal protective equipment for the employees after performing an analysis to determine what kind of risks the employees are exposed to.

**Plan Of Action:**

1. Laundry employees need waterproof shoes/boots, overalls and aprons.
2. Contractors working at a height of 1.8 meters or above must use safety equipment, such as safety belts and harnesses.
3. Spot cleaning area employees must be provided with respirators and production floor employees with dust masks.

**Deadline Date:** 04/01/2010

**Action Taken:** (March 17, 2010) The factory has given overalls to the laundry employees, bought 2 new harnesses for employees working at a height of 1.8 meters or above and provided the spot cleaning employees with respirators and safety glasses. (Annex 4)

**Plan Complete:**

**Plan Complete Date:**